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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/970,600	10/04/2001	William H. Wisecarver III	1480-00	1951
35811 7590 12/28/2006 IP GROUP OF DLA PIPER US LLP ONE LIBERTY PLACE 1650 MARKET ST, SUITE 4900 PHILADELPHIA, PA 19103			EXAMINER ALPERT, JAMES M	
			ART UNIT	PAPER NUMBER
			3693	
SHORTENED STATUTORY PERIOD OF RESPONSE		MAIL DATE	DELIVERY MODE	
3 MONTHS		12/28/2006	PAPER	

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

Office Action Summary

Application No.

09/970,600

Applicant(s)

WISECARVER ET AL.

Examiner

James Alpert

Art Unit

3693

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 10 October 2006.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-7 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-7 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Continued Examination Under 37 CFR 1.114

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 20 April 2006 has been entered.

Status of Claims

Claims 1-3 and 5-7 are previously presented. Claim 4 is as originally submitted. Claims 1-7 are therefore currently pending.

Demonstrating Prior Invention

37 CFR 1.131(b) details several ways an applicant can establish prior invention of the claimed subject matter. One way is by a showing of facts sufficient to demonstrate conception of the invention prior to the effective date of the reference coupled with due diligence from prior to the reference date to the filing date of the application (constructive reduction to practice).

The examiner has reviewed the declaration of William H. Wisecarver II and Mary F. Nugent, and accompanying exhibit, submitted most recently by Applicants on 26 June 2006. Applicants have asserted that conception of the invention occurred prior to March 7, 2000, the effective date of the cited prior art reference, Armes, U.S. Patent

Application Publication 2001/0034720. Applicants further assert that "due diligence was exercised from the date of conception to the filing date of the present application," resulting in a constructive reduction to practice. After due consideration, the Examiner has determined that the declaration and exhibit are ineffective to overcome *Armes*.

Conception

Conception must be capable of proof, such as by demonstrative evidence or by a complete disclosure to another. Conception is more than a vague idea of how to solve a problem. The requisite means themselves and their interaction must also be comprehended. See Mergenthaler v. Scudder, 1897 C.D. 724, 81 O.G. 1417 (D.C. Cir. 1897). The Examiner accepts the premise, based on assertion by the Applicants that the submitted exhibit was authored prior to March 7, 2000, and the detail provided in the declaration correlating the exhibit to the claims, that conception occurred prior to the effective date of *Armes*.

Diligence

The first sentence of MPEP §715.07(a) states, "Where conception occurs prior to the date of the reference, but reduction to practice is afterward, *it is not enough merely to allege* that applicant or patent owner had been diligent. Ex parte Hunter, 1889 C.D. 218, 49 O.G. 733 (Comm'r Pat. 1889). Rather, applicant *must show evidence of facts establishing diligence*." As pointed out previously to Applicants, the MPEP also states that the "essential thing to be shown under 37 CFR 1.131 is priority of invention and this may be done by any satisfactory evidence of the fact. FACTS, not conclusions, must be alleged." §715.07. As it relates to diligence, the requirements of the MPEP have not

been observed, in that the first statement by Applicants in the declaration recites "... there was due diligence exercised..." This is precisely the type of conclusory pleading that the MPEP proscribes. Other than this superficial pleading, there are *no facts presented whatsoever* to establish diligence. Thus the declaration is ineffective in showing prior invention.

The Examiner recalls that in a telephonic interview relating to the propriety of admitting an affidavit after final rejection, he suggested to Applicants' representative that a review of the guidance of the MPEP on the subject of diligence would be helpful in drafting future declarations. While this may or may not have been done, the Examiner will now highlight some of the requirements for the benefit of Applicants.

Initially, what is meant by diligence is brought out in Christie v. Seybold, 1893 C.D. 515, 64O.G. 1650 (6th Cir. 1893). In patent law, an inventor is either diligent at a given time or he is not diligent; there are no degrees of diligence. An applicant may be diligent within the meaning of the patent law when he or she is doing nothing, if his or her lack of activity is excused. Note, however, that the record must set forth an explanation or excuse for the inactivity; the USPTO or courts will not speculate on possible explanations for delay or inactivity. See In re Nelson, 420 F.2d 1079, 164 USPQ 458 (CCPA 1970). Diligence must be judged on the basis of the particular facts in each case.

Secondly, the critical period for diligence for a first conceiver but second reducer begins not at the time of conception of the first conceiver but just prior to the entry in the field of the party who was first to reduce to practice and continues until the first

conceiver reduces to practice. Hull v. Davenport, 90 F.2d 103, 105, 33 USPQ 506, 508 (CCPA 1937). For the present application, the critical period is from March 6, 2000 until October 13, 2000.

Please note some important holdings related to establishing diligence over the critical period. An applicant must account for the entire period during which diligence is required. Gould v. Schawlow, 363 F.2d 908, 919, 150 USPQ 634, 643 (CCPA 1966) (Merely stating that there were no weeks or months that the invention was not worked on is not enough.); In re Harry, 333 F.2d 920, 923, 142 USPQ 164, 166 (CCPA 1964) (statement that the subject matter "was diligently reduced to practice" is not a showing but a mere pleading). A 2-day period lacking activity has been held to be fatal. In re Mulder, 716 F.2d 1542, 1545, 219 USPQ 189, 193 (Fed. Cir. 1983) (37 CFR 1.131 issue); See also Fitzgerald v. Arbib, 268 F.2d 763, 766, 122 USPQ 530, 532 (CCPA 1959) (Less than 1 month of inactivity during critical period); Kendall v. Searles, 173 F.2d 986, 993, 81 USPQ 363, 369 (CCPA 1949) (Diligence requires that applicants must be specific as to dates and facts.). The period during which diligence is required must be accounted for by either affirmative acts or acceptable excuses. Rebstock v. Flouret, 191 USPQ 342, 345 (Bd. Pat. Inter. 1975); Rieser v. Williams, 225 F.2d 419, 423, 118 USPQ 96, 100 (CCPA 1958) (Being last to reduce to practice, party cannot prevail unless he has shown that he was first to conceive and that he exercised reasonable diligence during the critical period from just prior to opponent's entry into the field); Griffith v. Kanamaru, 816 F.2d 624, 2 USPQ2d 1361 (Fed. Cir. 1987) (Court generally reviewed cases on excuses for inactivity including vacation extended by ill

health and daily job demands, and held lack of university funding and personnel are not acceptable excuses.); Litchfield v. Eigen, 535 F.2d 72, 190 USPQ 113 (CCPA 1976) (budgetary limits and availability of animals for testing not sufficiently described); Morway v. Bondi, 203 F.2d 741, 749, 97 USPQ 318, 323 (CCPA 1953) (voluntarily laying aside inventive concept in pursuit of other projects is generally not an acceptable excuse although there may be circumstances creating exceptions); Anderson v. Crowther, 152 USPQ 504, 512 (Bd. Pat. Inter. 1965) (preparation of routine periodic reports covering all accomplishments of the laboratory insufficient to show diligence); Wu v. Jucker, 167 USPQ 467, 472-73 (Bd. Pat. Inter. 1968) (applicant improperly allowed test data sheets to accumulate to a sufficient amount to justify interfering with equipment then in use on another project); Justus v. Appenzeller, 177 USPQ 332, 340-1 (Bd. Pat. Inter. 1971) (Although it is possible that patentee could have reduced the invention to practice in a shorter time by relying on stock items rather than by designing a particular piece of hardware, patentee exercised reasonable diligence to secure the required hardware to actually reduce the invention to practice. "[I]n deciding the question of diligence it is immaterial that the inventor may not have taken the expeditious course....").

The Examiner would also point out that there is guidance in the MPEP related to whether an inventor can be credited with diligence by simply turning materials over to legal counsel. Generally, the diligence of attorney in preparing and filing patent application indeed inures to the benefit of the inventor. However, Bey v. Kollonitsch, 866 F.2d 1024, 231 USPQ 967 (Fed. Cir. 1986) definitely establishes that reasonable

diligence is required by patent counsel. The holding in *Bey* emphasizes that reasonable diligence is the only requirement of the attorney, that reasonable diligence is established if an attorney worked reasonably hard on the application during the continuous critical period, and that if an attorney has a reasonable backlog of unrelated cases which he takes up in chronological order and carries out expeditiously, diligence is sufficiently established.

Due to a failure to demonstrate proper diligence, the submitted declaration and exhibit are insufficient to demonstrate prior invention. This being the case, and as detailed below, the rejections presented in the Office Action mailed 06 July 2005 are maintained. Applicants are advised that establishing diligence according to the standards laid out in the MPEP required a substantial showing and substantial proof. Facts must be attested to and/or exhibits provided. Applicants should also consider preparing affidavits by patent counsel attesting to the facts discussed above relating to reasonable diligence by an attorney. While the Examiner is aware that much additional effort may be required on the part of Applicants, he is also aware that it was suggested that attention be given to this issue prior to the filing of a Request for Continued Examination, in order that Applicants have the necessary time to properly prepare a proper submission.

Claim Rejections - 35 USC § 103

The text of 35 U.S.C §103 can be found in a prior Office action. Claims 1-7 are rejected under 35 U.S.C. 103(a) as being unpatentable over Armes, U.S. Patent Application Publication #20010034720.

With regard to Claims 1,5, Armes teaches the method and system comprising:

providing a customer account;

(Page 7-8, Para. 65, describing registering for a secondary transaction number (hereinafter, "STN") is a reasonable interpretation of "lockbox")

verifying electronically that the customer has an established credit card account;
(Page 7-8, Paras. 65-66)

creating an electronic financial account of limited access; and
(Page 8, Para. 68, describing the request for the STN)

authorizing an amount of credit within the financial account of limited access.
(Page 8, Para. 68, describing authorizing limitations on STN use, including amount)

The system and method in Armes describe a comprehensive method and system for a limited use account, traditionally implemented by a credit card provider. Although the Applicant may envision a system where an intermediary third party operates the limited use account, Armes teaches most of the claims when broadly interpreted. Small variations in the claims that are not expressly taught, are simply obvious modifications to the system of Armes. The motivation for such modifications is actually found in Armes at (Page 12, Para. 95) which described how the system and method utilizing the STN can be implemented and operated either by the card issuer or an intermediary third-party. This idea is repeated else in the specification at (Page 7, Para. 61) and elsewhere.

With regard to Claims 2,6, Armes teaches the method and system comprising:

creating an account number and access code, and

(The examiner interprets the term "access code" broadly to include a PIN number which is taught at Page 8, Para. 68; Pages 8-9, Paras. 72-73)

accessing a merchant via a computer network; (Page 8, Para. 70)

performing procedures for on-line purchasing; (Page 8, Para. 70)

entering the account number;
(Page 8, Para. 70; Page 9, Para. 73, describing the "drag and drop" onto merchant site)

entering the access code; (Page 8, Para. 68; Page 8, Paras. 75-76)

electronically routing the account number and access code to the provider
(Page 11, Para. 85)

confirming the credit amount and access code; and (Page 11, Para. 86)

routing the dollar amount of the transaction to the credit card issuer.
(Page 11-12, Paras. 91-92)

With regard to Claims 3,7, Armes teaches the method and system comprising:

wiring the amounts of the transaction to the merchant less any discount fee; and
(Pages 11-12, Para. 91, describing the process by which the instruction to be paid is generated)

debiting the financial account of limited access the amount electronically transferred.(Page 11, Para. 86, describing updates to the STN database following authorization; Pages 12, Para. 92, describing generating cardholder billing)

With regard to Claim 4, Armes teaches the system comprising:

a consumer computer, (Figure 11, Item 1)

a merchant computer, (Page 5, Para. 47)

a credit card bank computer and (Page 5, Para. 47)

a system provider; (Page 12, Para. 95)

the consumer computer in communication with the system provider for opening up an account; (Page 7, Para. 65)

the system provider computer in communication with the credit card bank computer for verifying credit card information; (Page 2, Para. 16)

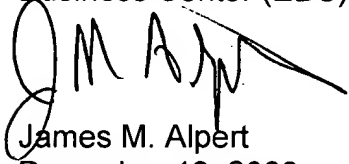
the consumer computer in communication with the merchant computer for on-line purchasing; (Page 8, Para. 70)

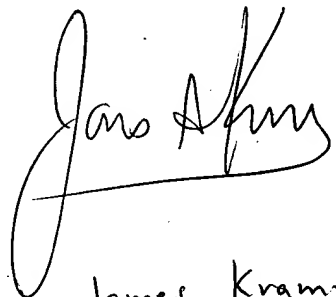
and the system provider computer in communication with the merchant computer for verifying customer information and transaction payment. (Page 11, Para. 91)

Conclusion

THIS ACTION IS NON-FINAL. Any inquiry concerning this communication or earlier communications from the examiner should be directed to James Alpert whose telephone number is (571) 272-6738. The examiner can normally be reached on M-F 9:30-6:00. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer, can be reached on (571) 272-6783. The fax phone number for the organization where this application or proceeding is assigned is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197.


James M. Alpert
December 19, 2006


James Kramer

12/21/06